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Beyond Business as Usual? Better Buying Power and the
Prospects for Change in Defense Acquisition

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Panel 5. Beyond Better Buying Power: Assessing Progress and Institutionalizing Success

Wednesday, May 14, 2014	
1:45 p.m. – 3:15 p.m.	<p>Chair: James E. Thomsen, Principal Civilian Deputy, Assistant Secretary of the Navy (Research, Development, & Acquisition)</p> <p><i>Identifying Governance Best Practices in Systems-of-Systems Acquisition</i> Joshua Archer, Center for Strategic & International Studies David Berteau, Center for Strategic & International Studies</p> <p><i>Beyond Business as Usual? Better Buying Power and the Prospects for Change in Defense Acquisition</i> Zach Huitink, Syracuse University</p> <p><i>Creating a Cost-Conscious Culture: From RFP Through Execution</i> Kathlyn Hopkins, Marine Corps Systems Command</p>



Beyond Business as Usual? Better Buying Power and the Prospects for Change in Defense Acquisition

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Abstract

Defense acquisition reform is a now decades-long endeavor, and the historical experience begs the question of whether Better Buying Power will succeed where its predecessors have not. In this paper, I argue the prospects for change under Better Buying Power are guardedly optimistic, but that to understand the challenges of institutionalizing, it we need a new perspective. While leadership matters, and the change literature focused on leaders (e.g., Kotter, 1996) offers thoughtful prescriptions, leadership is but one factor in a larger organizational milieu. More than just a set of principles leaders tout, change initiatives—acquisition reforms included—are policies with material implications for an organization's various constituencies. In this way, acquisition reform is more profitably viewed as a policy implementation problem. Based on a case study involving interviews with a dozen subject matter experts and analysis of over 1,000 pages of primary and secondary documents, I identified the problems of implementing Better Buying Power along three dimensions emphasized in policy implementation research: policy content, organizational capacity, and managerial craft. I argue these factors are the primary impediments to institutionalizing Better Buying Power, and I suggest ways leaders can address them. Provided they can be surmounted, the prospects for change under Better Buying Power are real and viable.

Introduction

On September 10, 2001, then Secretary of Defense Donald Rumsfeld gave a speech. His message: We need to overhaul the Department of Defense—urgently. In short, Rumsfeld declared war on the Pentagon bureaucracy, taking aim at everything from human resources to financial management to healthcare. He reserved special ire for acquisition, arguing “our process and regulations have become so burdensome that many businesses have simply chosen not to do business with the Department of Defense” (Rumsfeld, 2001). Moreover, existing processes all but guaranteed that the DoD could not leverage industry's capacity for innovation, making purchased weapons “a generation old [the] day they're deployed” (Rumsfeld, 2001). This was not acceptable. Change, the secretary promised, would be coming.

The next day, it did.

After 9/11, the exigencies of combating global terrorism and prosecuting military campaigns in Iraq and Afghanistan eclipsed Rumsfeld's other war. In the interest of national security, Congress approved budgets ensuring growth in the DoD's teeth *and* its tail. As Gansler and Lucyshyn (2013) argue, this budget growth “produced some significant successes [e.g., mine resistant ambush protected vehicles (MRAPs)]” but otherwise obscured persistent, mediocre acquisition performance.

Fast forward almost a decade. On May 8, 2010, then Secretary of Defense Robert Gates gave a speech of his own. Standing in the Eisenhower Library in Abilene, KS, he argued “[given] America's difficult economic circumstances and perilous fiscal condition, military spending on things large and small can and should expect closer, harsher scrutiny. The gusher has been turned off, and will stay off for a good period of time” (Gates, 2010a). To withstand subsequent reductions in appropriations, Gates launched the Defense Efficiency Initiative, an effort to reduce tail spending while protecting the Department's



investments in readiness, force structure, and capability modernization (see Dagget, 2010; Gates, 2010b).

Out of the Defense Efficiency Initiative came Better Buying Power (BBP), the defense acquisition community's response to the call for greater efficiency in Pentagon spending. Now in its second iteration (Better Buying Power 2.0, launched in November, 2012), BBP represents a concerted effort to maximize the value of every dollar the DoD spends on procuring goods and services (Carter, 2010).

After over a decade of combat, and with the government at a fiscal inflection point, BBP's relevance and timeliness are arguably beyond doubt. That said, in this paper I ask the following question: Is this time really different? If defense acquisition reform is truly elusive (Fox, 2012), what are the prospects for change under Better Buying Power? Should we expect significant improvements in the near future? Or is BBP merely window dressing, a paper tiger with little or no chance of breaking through an entrenched system?

My answer: neither. Based on interviews with a dozen subject matter experts and analysis of over 1,000 pages of primary and secondary documents, I believe one can point to suggestive evidence that BBP is having some impact on acquisition. Moreover, I argue that the prospects for change are guardedly optimistic. While I do not think BBP will solve (or is even designed to solve) all the problems plaguing defense acquisition, I do think there is a chance the initiative will yield improvements. To sustain these improvements, however, I argue we need to view the problem through a different lens. While researchers and practitioners have written much about organizational change, including in the context of defense acquisition (e.g., see Eide & Allen, 2012), it is time to move beyond discussions about the general antecedents of successful transformation (e.g., the eight-step model presented in Kotter, 1996) and think more systematically about how initiatives like BBP are implemented in complex organizations.

When seen from this view, the challenge of transforming defense acquisition opens itself to examination via a host of relevant ideas from public administration and management scholarship. Drawing on these ideas in the course of my own research led me to identify the challenges of implementing Better Buying along three dimensions, as articulated in highly-cited research on policy implementation (Pressman & Wildavsky, 1973; Goggin, 1986): policy content, organizational capacity, and personnel qualifications (what Goggin calls "will and skill," and what I hereafter refer to as managerial craft). Collectively, these factors capture what I see as the primary impediments to institutionalizing Better Buying Power. Provided they can be surmounted, I believe the possibility for informed change is real and viable.

Summary of Findings

In brief, my findings are as follows.

Policy content. With respect to policy content, Better Buying Power does not represent a revolution in thinking about defense acquisition. Indeed, insofar as it emphasizes many practices already written in law and policy, one could argue we should not even call it reform (for the sake of relating it to past initiatives, however, I will use that term throughout the paper). Moreover, the consensus view among the subject matter experts I interviewed is that BBP is an integrated program whose parts fit together well. While a few interviewees pointed to shortcomings in specific action items (some of which the AT&L leadership addressed in transitioning from BBP 1.0 to BBP 2.0), they generally did not see BBP's seven major themes as working against one another. That said, interviewees pointed to a number of issues with how BBP is perceived, among both the government acquisition workforce and industry.



On the workforce side, interviewees cautioned that program personnel may be uncertain as to how BBP will impact their interests, and whether DoD leadership can credibly commit to enforcing BBP principles at particular decision points. For it to be sustainable, BBP must, in the eyes of the workforce, distribute benefits and costs in a manner that accords with the initiative's stated objectives. If leaders permit programs that are not achieving better buying power—those consuming more and more resources for fewer and fewer purchased units—to proceed through the acquisition cycle, while reneging on promises to reward those who deliver at or below budget via practices like should cost analysis, they reduce the workforce's incentives to adopt BBP practices.

On the industry side, interviewees noted that BBP's emphasis on incentivizing productivity and reducing non-valued added compliance costs are a positive. In their view, however, the initiative fails to address several long-standing problems that make it difficult to do business with the Pentagon. Moreover, while the individuals interviewed see defense acquisition as a business-oriented function, interviewees representing both government and industry pointed to persistent deficiencies in how the DoD measures and manages its costs. The individuals with whom I spoke repeatedly referenced the "spend culture" that encourages government personnel to spend all the resources made available to them over the relevant budgetary period (lest they be allocated less funds in future periods). Insofar as BBP emphasizes getting a good business deal for the government—for instance, delaying obligation of funds for the sake of getting more favorable contract terms—punishing individuals for not spending money fast enough is, in the words of a senior DoD official I interviewed, "totally in the face of what we are trying to accomplish."

Organizational capacity. With respect to organizational capacity—the degree to which organizations can implement policy through their formal structures and processes (Goggin, 1986; Ting, 2011)—BBP's prospects appear more mixed. Owing to established governance mechanisms—milestone assessments, portfolio reviews, and procedures intended to promote jointness and reduce unnecessary overlap in capabilities (e.g., configuration steering boards)—interviewees suggested the DoD's components will be more able to implement BBP practices in hardware acquisition than in the acquisition of services (where these mechanisms are largely absent). Even in the hardware area, however, implementation is likely to vary given differences in the organization and functioning of individual components' acquisition activities. For example, while senior acquisition officials in each of the military departments have expressed their support for and commitment to BBP, interviewees still expressed concern that the services will respond to and operationalize the initiative differently in the management of their own programs.

Managerial craft. With respect to managerial craft—skilled application of individual strategic, tactical, and technical capabilities and competencies (Hill & Lynn, 2009)—the prospects for BBP are arguably the most uncertain. Getting a good business deal for the government requires situational awareness and sound judgment in the conduct of one's day-to-day work. Acknowledging both repeated calls to strengthen the acquisition workforce (e.g., see Gansler, 2011; Gansler & Lucyshyn, 2013), and the DoD's efforts to build its internal capacity in this area (GAO, 2011), it remains unclear whether BBP can overcome the incentives that perpetuate a culture of risk aversion and adherence to standard operating procedure among government personnel. As aspects of BBP 1.0's experience suggest, there is still a tendency in the workforce to interpret guidance as rules rather than suggested best practices. Reflecting on this issue, interviewees referenced the complexity of many acquisition decisions—evaluating sources on a best value basis, selecting appropriate contract types, judiciously leveraging commercial vs. proprietary technology, etc.—and in some cases expressed concern about whether the existing system gives the workforce the



appropriate training and incentives to make decisions that balance performance, risk, and affordability. Successful implementation of BBP, however, depends importantly on tolerating failure, encouraging trial-and-error type learning in the course of decision-making, and facilitating knowledge transfer across the spectrum of the acquisition discipline.

Plan for the Paper

I proceed as follows. In the first section—Better Buying Power in Comparative and Historical Perspective—I offer a broad stroke summary of past acquisition reform efforts and attempt to locate BBP within the patchwork of these reforms. In the second section—The Challenge of Change—I review existing scholarship on organizational change, discuss some of the drawbacks inherent in applying this literature to defense acquisition reform, and describe an alternative set of ideas from the public administration and management literature that I believe can be applied usefully to BBP. In the third section—Better Buying Power: Beyond Business as Usual?—I draw on these ideas to lay out my case study of BBP and present my findings in greater detail. I follow with a short conclusion.

Better Buying Power in Comparative and Historical Perspective

If the defense acquisition system remains mired in a business-as-usual malaise, it is not for lack of attention. For over six decades, Congress, the President, and DoD leaders have wrestled with how to make the Pentagon's acquisition practices more efficient and effective. A comprehensive review of this history is far beyond my purposes (see Fox, 2012), but I believe we must in some measure consult the past if we are to understand BBP's future.

To seasoned practitioners and researchers, little (if any) of what I say in this section will come as a surprise, so I will put it succinctly: In both form and substance, Better Buying Power is mostly *not* new. Leaders come and go, slogans change, and ideas get recycled. Both across stakeholders and over time, however, recommendations to “fix” defense acquisition have much in common. This is not to ignore important differences of opinion—they exist—but it is to say that the various blue ribbon commissions, panels, reports, studies, and hearings organized to examine the issue often arrive at similar conclusions (Fox, 2012). Thus, “if we all know what needs to be done,” the question—as David Packard asked—truly is “why aren't we doing it?”

To answer the “why?” question, I believe we need to first consider “who?” and “how?” While simple, these questions are valuable in that they shift our attention from the substance of reform to the management and implementation issues with which I am concerned in this paper. Therefore, to put BBP in an historical context, let's consider the “who?” and “how?” questions in turn.

In a sense, the answer to the “who?” question is simple: everyone. As noted above, Congress, the President, and the Pentagon's leaders have all addressed defense acquisition at one point or another. They have at times worked together, worked alone, and in some cases worked at cross purposes.

When they choose to do so, Congress and the President can wield significant influence. Harnessing its powers to legislate, appropriate, and investigate, as well as hold hearings and commission studies, Congress has taken a number of actions over the decades with far reaching implications for how the Pentagon purchases goods and services (particularly major weapons systems). Likewise, as commander-in-chief, the President can set the broad contours of American national security policy, including defense policy, and through the annual budgeting process express preferences for certain material capabilities over others.



Despite these powers, however, neither Congress nor the President possesses the expertise, the information, and the knowledge of specific circumstances that the Pentagon's leaders enjoy. Both, therefore, must rely on the DoD to put their policies in place.

Of course, while the DoD is often an implementing agent, it is not exclusively reactive in terms of its actions. Like all government agencies, it is a purposive organization (Rainey, 2009) with its own goals and objectives. In pursuing these, the Pentagon's leaders regularly exercise their authority to adjust aspects of planning, budgeting, human resources, and acquisition. Thus, insofar as current and recently departed office holders within the DoD's AT&L division designed and launched BBP, it is best placed within the panoply of past acquisition reforms initiated by senior DoD leadership.

Compared to congressional and presidential action, how do reforms of this kind proceed? In theory, one could argue that the process should be simple: A leader orders a change in practice, and subordinates follow suit. This clear link between authority and action is the *sin qua non* of formal organization: Hierarchy ensures words spoken at one level translate into deeds at another.

Unfortunately, the DoD's history with internal reform illustrates that things are much more complicated. The power accompanying a position of authority—secretary, deputy secretary, and the host of offices underneath them—is real but far from absolute. Indeed, even after the department's creation in 1949—at which time Congress placed a civilian secretary between the President and the military services, and empowered this individual to direct acquisition programs—“[throughout the 1950s] the services retained much of their autonomy in the [acquisition] arena” (Converse, 2012, p. vi).

Starting in the 1960s, the DoD's civilian leadership began asserting their authority over acquisition programs, in effect launching a managerial experiment that continues with BBP.

Seeking to wrestle control from the services, Secretary Robert McNamara initiated a series of changes intended to empower the Office of the Secretary of Defense (OSD) vis-à-vis the military departments. Notable initiatives included the PPBS budgeting method, systems analysis, and a variety of changes in contracting practices (e.g., Total Package Procurement). McNamara also championed the program manager concept, reflecting his belief that to the greatest extent possible, authority and control over acquisition programs should be vested in a single individual.

Despite producing “a number of positive results” (Fox, 2012, p. 37) the services strongly resisted McNamara's reforms. Even among those receptive to the ideas, “limited managerial training” meant they “lacked the knowledge and skill necessary to implement the new policies, directives, and techniques” (Fox, 2012, p. 39).

Upon assuming office in 1970, Deputy Secretary David Packard attempted to decentralize the acquisition function. Motivated by his private sector experience with management by objectives, he retained OSD's prerogative to set policy, conduct reviews, and make decisions at major milestones. Otherwise, however, he returned to the services authority McNamara sought for the civilian leadership.

As with McNamara, the Achilles' heel of Packard's reform efforts lied in their assumption that the acquisition workforce possessed the prerequisite knowledge and skills to manage programs in accordance with leader-established objectives—all while subject to minimal oversight. As argued in Fox, “this assumption turned out to be only partially correct” (Fox, 2012, p. 61). Moreover, instead of harnessing their autonomy to implement best practices, even skilled program personnel tended to fall “back on established management



methods” (Fox, 2012, p. 61) and pursued individual acquisitions in a manner befitting service- rather than OSD-level interests.

The issue of service versus OSD interests persisted into the 1980s, by which time defense acquisition problems had received so much attention as to make “reform a [litany]” (Fox, 2012, p. 99). As such, the ideas promulgated in Secretary Caspar Weinberger’s and Deputy Secretary Frank Carlucci’s Acquisition Improvement Program (AIP) strongly reflected “practices dating back to the 1960s” (Fox, 2012, p. 99).

In channeling historical efforts, the Carlucci initiatives—31 (later, 32) action items addressing various aspects of budgeting, requirements determination, contracting, and human resources—point to another trend in the pattern of reform: Compared to McNamara’s and (to perhaps a lesser extent) Packard’s efforts, the Carlucci program was more evolutionary than revolutionary in character. His initiatives were not the manifestation of a new, underlying management philosophy, but were instead an amalgamation of numerous ideas developed under both centralized and decentralized managerial styles pursued in the previous two decades.

How did these initiatives fair? Once again, poorly. While “the anticipated outcomes of AIP ... looked good on paper, implementation at the service level was far more difficult to achieve” (Fox, 2012, p. 100; see also GAO, 1986). In a manner similar to Packard’s reforms, the Carlucci initiatives seemed to suffer from a tension between empowering the services with one hand and holding them accountable with the other. Insofar as the initiatives built on existing best practices, one could argue issues with responsiveness and accountability cannot be blamed on insufficient skill and understanding among service-level acquisition managers. And to an extent, it appears the services simply circumvented AIP in the interest of following established operating procedures (Fox, 2012). In my view, such behavior probably reflects a mix of resistance and insufficient technical capacity (as in either case, reliance on existing procedure is the likely outcome). Whatever the exact balance, however, it is hard to argue the Carlucci initiatives did not suffer in some way from a lack of cooperation by the military departments.

Building on the momentum of the Packard Commission and the Section 800 Panel, acquisition reform greatly accelerated in the 1990s. The Congress, the President, and DoD leaders all took aim at aspects of the process. Upon penning his “Mandate for Change” memo, Deputy Secretary (later Secretary) William Perry—with support from both Congress and President Clinton—launched a streamlining effort intended to make defense acquisition “faster, better, and cheaper.” As described in Fox (2012), Perry and his colleagues went to great lengths to institutionalize their ideas, including establishing reform organizations in both OSD and the services, advocating for pilot testing legislation (so as to experiment with individual initiatives on a small scale), striving to measure and communicate progress on the reform movement, and updating the 5000 series guidance.

Looking back, it is hard to argue that the 1990s era reforms did not achieve at least some success. By reducing reliance on milspecs, for example, the collective efforts of the DoD and policymakers in Congress and the White House resulted in lasting improvements to requirements generation. As with so many of the initiatives pursued in these years, however, it is near impossible to isolate a clear relationship between reform and changes in outcomes (let alone disentangle the relative contributions of lawmakers, the administration, and the DoD). Moreover, a RAND study cited in Fox (2012) suggests workforce personnel did not deem the acquisition reform movement a mission accomplished. While acknowledging numerous benefits of the policies pursued in the 90s, respondents to RAND’s surveys and interviews cited persistent disconnects among acquisition’s various



functional disciplines, as well as continued lack of authority to manage the risk inherent in implementing many of the reform initiatives.

We will never know whether and to what extent the tide of reform, along with progress on outstanding problems, would have proceeded in the 2000s; 9/11 makes this experience an unobservable counterfactual. As Gansler and Lucyshyn (2013) argue, however, the DoD's rapid budget growth—including increases in both the base budget and funding for operations in Iraq and Afghanistan—obscured persistent problems in the defense acquisition process. These issues prompted the Pentagon to undertake a major assessment of its acquisition practices, the Defense Acquisition Performance Assessment (DAPA) Panel, commissioned by Deputy Secretary Gordon England. Released in January 2006, the DAPA report contemplated significant changes in the organization and conduct of acquisition. Echoing DAPA's observations, the House Armed Services Committee report accompanying the fiscal 2007 defense authorization bill plainly labeled the DoD's acquisition process "broken" (see Schwartz, 2013, p. 1). Clearly, and despite some notable improvement efforts launched in the course of fighting two wars (e.g., configuration steering boards), defense acquisition reform remained elusive into the mid and late 2000s (Fox, 2012).

Enter Better Buying Power. Launched in accordance with Secretary Gates' Defense Efficiency Initiative, BBP represents the latest evolution in the DoD's own efforts to improve its acquisition activities.

Even a cursory examination of the BBP initiatives highlights their similarity with previous reforms. Indeed, themes like "promoting effective competition," "reducing unproductive processes and bureaucracy," and "incentivizing productivity in industry and government" are, if not worded the same, still clearly aligned with the thrust of past reform efforts. Moreover, BBP's implementation process bears at least some resemblance to several of its predecessors, particularly the Carlucci initiatives. As with the Carlucci effort, BBP is expressed as a list of nearly three dozen individual improvement actions, to be implemented in an evolutionary fashion with support from champions at various levels in OSD and the services.

Whether BBP will build on and extend past success remains an open question. Those looking for an answer typically consult research on organizational change, especially studies addressing culture change. Based on published statements from senior defense officials, as well as data from my own interviews, I believe this is an appropriate characterization. However, affecting change—including and especially via the cultural route—requires careful consideration of the structural and managerial factors that may impede the change proponents' efforts. As argued in the next section, the literature typically cited in discussions of change in the defense acquisition community is not sufficient for the sake of diagnosing the problem. While that literature offers useful prescriptions, it does not offer a systematic framework for evaluating the challenges of implementing change in complex organizations.

The Challenge of Change

In the study of organizations, change is the subject of a massive scholarly and professional literature. One review of academic efforts, conducted in the mid-1990s, counted a million published articles for which change was the topic (Van de Ven & Poole, 1995). Since then, this body of work has only grown. Moreover, academic publication counts do not include research published in books, trade journals, and the variety of other media through which practitioners communicate with each other about organization and management issues.



In part, we can attribute the size of the change literature to its complexity as a topic of study. Change occurs for numerous reasons. Sometimes factors internal to organizations facilitate change; other times change is foisted on organizations from without. Sometimes change occurs gradually; other times abruptly. Sometimes change is planned; other times it occurs without warning or intent.

As even these few examples suggest, studying change is in large part a challenge of developing a vocabulary and a set of conceptual tools to characterize individual cases. Indeed, absent some simplifying framework, the sheer variety of factors leading to, influencing, and shaping the impact of change is simply overwhelming.

As suggested in the first section, Better Buying Power in Comparative and Historical Perspective, my concern is with planned change of the internally-driven variety. This is not to discount other avenues through which defense acquisition could—and has—changed in the past (e.g., through action by Congress or the President, in response to needs emerging from overseas conflicts and threats, etc.). Again, however, my concern is with internal, purposive change.

Insofar as leaders have played a pivotal role in change of this kind, it is not surprising that observers have turned to leader-centric change research to understand their efforts. Perhaps the most commonly used studies in this vein are those of John Kotter, a Harvard management professor who has done highly influential research on organizational transformation in the private sector (e.g., see Kotter, 1996).

The essence of Kotter's research is a process-based model involving eight steps: ensure the need; form a guiding coalition; create a vision; communicate the vision; empower others to act on the vision; plan for and create short-term wins; consolidate improvements and produce more change; and institutionalize new approaches. As these steps suggest, Kotter is speaking mostly to leaders at the top. Rightly so, as in many enterprises—defense acquisition included—change often begins with leaders seeking a new direction.

But change is not self-executing. Of course, Kotter understands this point. His call to form a guiding coalition clearly signals his appreciation for the political nature of organizations, and that for the sake of overcoming resistance one needs champions among those being asked to act differently (see Kelman, 2006, for further discussion of this issue). So to, one must of course ensure the need for change; create, communicate, and empower individuals to pursue a change vision; generate early wins; consolidate and build upon those wins; and work to solidify behavioral patterns that led to them. These are sensible guidelines, and I suspect virtually all leaders would agree with them—even if, as Kotter illustrates, they do not always follow through in practice.

In taking issue with this approach to understanding defense acquisition reform, I am not saying it is entirely unhelpful. As Eide and Allen (2013) illustrate, viewing current reform efforts through Kotter's lens points to problems that merit attention. They argue, for instance, that the practice of mandating reform at the OSD level is not in and of itself conducive to creating a guiding coalition. Likewise, the structural complexity of defense acquisition organizations and the variety of stakeholders involved often frustrate leaders' efforts to empower change. In their words, "the way an organization is structured—its rules of behavior or formal processes ... and the incentives inherent in [its] reward system—can thwart [intended] support of any change effort" (Eide & Allen, 2013, p. 113).

Arguably, these insights allude to the need for a new perspective. We do not have to discard Kotter's approach—as just suggested, using it gives us clues about more fundamental issues—but I think we need to complement it with other ideas and concepts.



Leadership matters, and leaders would be wise to read Kotter's research when contemplating a change initiative. My point is that there is more to the story. As Eide and Allen imply, the link between leadership and cultural change is quite complex. At the very least, it involves (i) how an organization is structured, and (ii) how that structure creates interests and incentives for the status quo.

In accounting for these factors, I think we are making an important step. We are no longer thinking about leadership per se, but about the challenges leaders encounter when attempting to *implement* change in complex organizations. If we take one more step—to view change not just as a vision or a statement of principles, but instead as a *policy* with material implications for various organizational constituencies—I think we open the issue of reforming defense acquisition to a host of valuable insights from the public administration and management literature. Specifically, I think we open the issue to examination from a policy implementation perspective.

Research in the policy implementation field is not usually concerned with what happens in the confines of a single organization. Instead, those who look at implementation typically consider how actors put policy in place across levels of government and between government and non-governmental entities. As such, the concern is with how federal, state, and local governments coordinate their efforts, as well as how they work with private for profit and not for profit organizations through tools like contracts, grants, and public-private partnerships. Indeed, as an intellectual endeavor, policy implementation is at present very “tools-focused” (see Salamon, 2002).

Despite its emphasis on tools, however, policy implementation also remains true to its more classical roots, including a set of basic ideas that still shape thinking about the finer points of contracting, grant administration, and forging alliances between government and the private sector. As articulated in Pressman's and Wildavsky's (1973) now famous case study of economic development programs, and in a host of follow-up studies, the core concepts underlying implementation remain the same. According to Goggin (1986), these are (i) policy content, (ii) organizational capacity, and (iii) personnel qualifications—what he calls “will and skill” and what I hereafter refer to as managerial craft.

What does any of this have to do with defense acquisition reform? In my view, if we treat reform as an exercise in implementing policy—still leadership-centric, but involving leaders who operate in a complex organizational milieu—we can move beyond emphasizing just those conditions necessary for success—having a vision, creating scope for small wins, etc.—and start thinking about what is truly sufficient for the sake of successful change. In other words, using concepts from policy implementation, we can start to map the environment within which reform occurs. We can partition the defense acquisition system into individual units of analysis, and ask how each unit's reception of and responsiveness to reform will vary along some basic dimensions. The value of this exercise, is that—in the spirit of the conference—it yields a more informed perspective on the prospects for change.

To assess the prospects for change under Better Buying Power, I report in the next section findings from a case study I conducted, using the above-defined ideas from policy implementation as an organizing framework.



Better Buying Power: Beyond Business as Usual?

Study Background and Motivation

Between September 2013 and March 2014, I undertook a case study of the Better Buying Power initiative, with the intention of answering some basic questions: What is Better Buying Power? How does Better Buying Power compare to past reform efforts? What are its goals and objectives? Are they being achieved? Are there any discernible patterns in performance, whether across components, product categories, or areas of the initiative itself?

To structure my investigation, I first compared Better Buying Power to historical reform efforts, relying extensively on the work of Fox (2012) and others (e.g., Converse, 2012). Having established this context, and isolated areas of similarity and difference between BBP and its predecessors, I turned to theory. To avoid being overwhelmed, I needed a set of conceptual tools to guide my inquiry. As implied above, I began with research on organizational change, including the leader-centric theories often cited in discussions of defense acquisition reform.

Mapping leader-oriented change theories onto the problem of acquisition reform proved problematic. Leadership clearly mattered, but the continual challenges encountered by leaders of different backgrounds and managerial styles suggested there was more to the story. Cost overruns, schedule delays, and performance shortfalls persisted despite leaders' efforts to create and communicate a vision, form guiding coalitions, generate short-term wins, and otherwise act in accordance with the prescriptions of purposive change models. What explained these shortcomings? What frustrated the good intentions and the hard work of those intent on improving defense acquisition?

Treating the historical reform experience as a point of departure, I came to understand the conclusion others had long ago reached: The substance of reform is arguably not the issue. Indeed, as David Packard argued, our problem is not one of ignorance about what to do—it's why we can't put into place what we know are good practices. In other words, it is a problem of implementation. In designing and executing my case study, I thus let the literature on policy implementation be my guide.

Study Approach

The essence of the case study involved interviews with a purposive sample of subject matter experts selected to give a balanced perspective on Better Buying Power. In total, interviews were conducted with a dozen individuals possessing extensive familiarity with defense acquisition. To the greatest extent possible, an effort was made to incorporate perspectives from three sources: (i) government—including both individuals working in the DoD and those tasked with overseeing the DoD's acquisition activities; (ii) industry—including members of both industry itself and associations representing industry perspectives and concerns; and (iii) the epistemic community—including individuals in both academia and in non-academic institutions performing acquisition-related research.

Each interview proceeded for approximately 45 minutes, under a semi-structured approach: Interviewees were asked the same set of questions, and depending on their responses, were asked follow-up questions to further probe topics that emerged during the course of the interview. Thus, an attempt was made to elicit each expert's opinions and analysis on the same set of issues, while also allowing them to share their unsolicited views. Doing so allowed for the possibility that consistent themes would emerge across multiple interviews, without crowding each interviewee's opportunity to offer insights more specific to their point of view.



The interviews were supplemented with analysis of over 1,000 pages of documents, including both primary documents (e.g., internal DoD memos and communications) and secondary documents (e.g., GAO reports) related to Better Buying Power. The purpose of this exercise was to corroborate and expand upon findings from the interviews. It should be stressed, however, that this work is preliminary. The interviewee sample is neither sufficiently large nor selected in such a way as to represent the entirety of stakeholders in the defense acquisition process. Thus, this research should be considered part of a pilot study, a means of framing questions for more substantive investigation.

Findings—BBP Impact

Though not the sole purpose of the study, some effort was made to get a sense of BBP's impact. Interviewees' answers to questions about impact were revealing in their own right, and asking them proved an effective way of uncovering implementation challenges (e.g., by following up with questions about the sources of perceived impact or lack thereof).

Overall, interviewees offered mix opinions about the impact of BBP. Some expressed enthusiasm, others doubt, and still others skepticism about even the possibility of a valid assessment. Even the most enthusiastic conceded that it could take considerable time to see BBP's influence on the acquisition process, a view reflected in Under Secretary Kendall's preface to the DoD's June 2013 report on the performance of the defense acquisition system (hereafter the "June Report"):

Readily available data allowed us to provide historical baselines on acquisition performance and some initial insights into whether performance has, or has not, improved recently. *They also demonstrate that it can take many years to see the results of new policies.* (DoD, 2013, p. iv; emphasis added)

Those skeptical of impact assessment argued BBP is just too large and multifaceted to allow for a valid, holistic evaluation. The primary challenge in this regard, according to an oversight official, is measurement:

[With respect to these reforms], how do you measure impact? [Reforms like] BBP are so broad, so interrelated that it's hard to come up with good measures from a managerial perspective [that allow one] to say "yes, we can connect these actions with these outcomes and we know they are having a positive impact." We assume, because of reviews and what not, that we can see changes in individual activities. [For example, you can] do a milestone review, a major services acquisition review, but that's more anecdotal ... a gut feel as opposed to having some quantitative basis for asserting "yes, we have made progress."

In the view of another oversight official, such an analysis would have to proceed on a disaggregated basis, involving examination of

... very specific things, specific practices BBP is looking for. You look at it, and you see "Achieve Affordable Programs," "Control Requirements, etc." [Every] acquisition reform that's ever been written has been driving at those. So I think you'd have to look very specifically at things like what type of contract was used in this situation, and has that changed from this point forward. [I think you'd have to] really do things like that—you can't look at it at a macro level.

Where do we stand with respect to our ability to do this kind of analysis? The June Report is a step in the right direction, and more such reporting could aid both DoD officials



and external stakeholders in formulating judgments about BBP's effect on acquisition outcomes. For the time being, however, those outside the DoD must rely on a limited set of publicly available data to determine the efficacy of Better Buying Power.

Perhaps the best source in this regard is the GAO's recurring assessment of major weapons systems (also known as its "Quick Look" report—based on Selected Acquisition Reports), which measures performance with a consistent set of metrics on a year-over-year basis. The report speaks only to major weapons programs, but insofar as (i) these are among the most heavily emphasized programs in debates about defense acquisition policy, and (ii) many of BBP's action items apply to weapon systems acquisition, as a first step toward approximating BBP's impact, it may be worthwhile to investigate the performance of the major weapons portfolio over the years since BBP 1.0's inception.

Of course, such an assessment is *highly* suggestive—changes in both the aggregate portfolio and the individual programs reflect a variety of influences. Nonetheless, a top-level assessment of performance since BBP 1.0's launch reveals some positive trends. For example, the GAO indicated in its 2013 assessment that "a majority of the [major] programs [assessed] gained buying power [in 2012] as their acquisition unit costs decreased" (GAO, 2013, p. i), and "[c]ontinuing a positive trend over the past 4 years, newer acquisition programs [demonstrated] higher levels of knowledge at key decision points ..." (GAO, 2013, p. i). In addition, most of the assessed programs employed practices called for by BBP, including establishing and holding to affordability requirements, as well as performing and identifying savings from should cost analyses. The 2012 installment of the Quick Look report (i.e., the assessment of the major weapons portfolio as of 2011) echoes this latter observation. A senior defense official I interviewed stressed the importance of should cost analysis in particular, arguing,

... managers who have government funds to execute need to constantly be looking for better ways to get value for the money, and setting targets for themselves so that they improve their performance ... the idea is that you should get a better business deal for the government.

To the extent that getting the government a better business deal is the overarching thrust of BBP, it is perhaps unsurprising that acquisition personnel have begun to adopt (or make greater use of) should cost techniques. Nonetheless, it is not clear from the GAO's reporting that every major program in a position to adopt these techniques has done so, and both should cost analysis and affordability requirements are single action items in a much larger reform program. Thus, establishing a sense of BBP's broader impact—even on an anecdotal basis—is challenging at this point. And, given existing data limitations, a systematic analysis of individual action items is potentially beyond even the DoD's internal capabilities. In his preface to the June Report, Under Secretary Kendall referenced gaps in the available data and announced an initiative to fill them. Until this effort is further underway, and the newly collected data (including both data on major programs and other activities—services acquisition, contracting, etc.) are (as appropriate) made available in either future installments of the June Report or other publicly available outlets, our ability to evaluate BBP is fundamentally limited.

Fortunately, a rigorous impact evaluation is not necessary to gauge the prospects for change under Better Buying Power. As argued up to this point, examining BBP from an implementation perspective can shed valuable light on whether, where, and to what extent the initiative is likely to take hold.



Findings—BBP Implementation

Interviewees consistently referenced issues with BBP's implementation, and while not every individual referenced the same set of issues, their collective assessments can be classified usefully along the conceptual dimensions referenced in the previous sections—policy content, organizational capacity, and managerial craft. As I have argued, and as I attempt to illustrate below, these factors constitute what I deem to be the primary impediments to institutionalizing Better Buying Power. Provided they can be surmounted, there is scope for optimism about the initiative's sustainability. Thus, while my discussion of each factor centers on challenges, I also speak to steps that could or have been taken to address these challenges (and thus institutionalize BBP) going forward.

Policy Content

Policy content speaks to both the actual substance of a policy and how that policy is perceived among the relevant stakeholders.

With respect to substance, a policy that “spells out internally consistent [objectives] with clarity and specificity, and includes [rewards] for compliance or punishments for non-compliance [is] more likely to succeed in its implementation” (Goggin, 1986, p. 332). Given that BBP references multiple objectives, interviewees were asked to assess its internal consistency: Do the initiative's objectives align well, or are there areas of conflict?

Interviewees across the stakeholder categories agreed that BBP's objectives are generally well aligned, and described them using words like “synergistic” and “working together” toward a common purpose. Even in areas of potential conflict, the individuals with whom I spoke were as likely to attribute the underlying tension to perverse incentives as to a flaw in BBP's design. In the words of an oversight official,

[Consider] promoting effective competition versus reducing cost in programs. A lot of times what's coming up in programs [approaching] MD A or MD B, when they present an acquisition strategy, is that they say hey, we'd love to have more competition, but it's going to cost us x billion dollars. It's not cost effective, so we are going to sign a sole source contract to this vendor. I don't know if that's driven by countermanding [objectives] within BBP, or if folks are just using it to get things they want.

Interviewees expressed greater concern about the availability of rewards to promote adherence to BBP. According to an industry stakeholder and former DoD acquisition official,

Quite frankly, I don't know how you incentivize any good performance nowadays given the [DoD] climate and culture under the sequester program. [While it's still possible] to [remove] people from positions, or [in] the contracting world to take away warrants, or [to take individuals] out of program management positions ... I don't want to say that everyone can do a bad job and get away with it now because of sequestration, but it's just harder to reward good performance I guess. You know, all the sticks are still here, it's just the carrot side that's lacking right now.

With respect to policy perception—the degree to which the policy “fits with existing beliefs and practices, is perceived as helping rather than hurting the interests of those involved in implementation, and distributes benefits widely enough to result in a minimal coalition of interests who are committed to making good on the policy as intended” (Goggin, 1986, p. 331)—interviewees were even more pessimistic, expressing concerns about how BBP is viewed among both the government workforce and industry.



With regard to the government workforce, for example, an oversight official argued program personnel may not view leaders' pronouncements about expectations and consequences for failing to adopt a given practice (i.e., pronouncements about the "sticks") as credible commitments. Given the relatively short tenure of BBP's sponsors vis-à-vis those tasked with putting the initiative into place (program managers, contracting officers, etc.), a senior DoD official cautioned that the workforce may simply wait out the leadership's efforts so as to maintain the status quo. In their words,

I don't think you can get anything done here in a year or two. I don't think it's possible. The whole system will wait you out. They'll just nod their heads [and carry on with business as usual].

Even among those amenable to change, interviewees thought a "wait it out dynamic" may take hold—especially if short-term leaders fail to follow through on their commitments and to distribute the benefits and costs inherent to BBP practices in manner deemed fair. An oversight official spoke thoughtfully to this issue:

[If I'm a program manager, my budget is how I get my mission done. And, if you're going to take away some of my budget, is that pain going to be equally distributed to other folks? I want to be a good soldier, come up and do all these things that cut whatever my service is to the bone, or reduce it, or reduce my flexibility, [but what if] all the sudden I find my brethren in the Navy, or the Army let's say if I'm an Air Force guy, and they're not taking their lumps? They are not part of that effort. And so here I am, trying to manage my program much more cost consciously, trying to reduce my expenditures [and] my footprint, and trying to live within [my means]. And all of a sudden I find all these other programs that are going poorly, they are not giving up their money, people and programs and what not ... do they get the money to cover or make up for short falls? A couple programs going through the acquisition cycle right now ... they've greatly exceeded their baseline cost estimates and are way behind schedule. The question becomes, and everyone pays attention to this, will those programs now get extended and receive more funds so they can make it through the system? [In some cases, yes] ... so if I see other folks doing just fine, and they're not following the rules, [I might] not either.

As these remarks suggest, a key to institutionalizing BBP is creating, adhering to, and conveying a sense of accountability. Decision-makers need not treat every case in the same way, but at the very least must play according to their own rules and past statements. To the extent they do not, they risk undermining their efforts. Change, especially in a system that structures individuals' incentives so strongly in favor of the status quo, is very difficult. Getting the workforce on board (even those open to a new way of doing business) is all the harder if there is not a presumption of accountability for actions. To the extent leaders make decisions that violate any implicit agreements about accountability (what some call "relational contracts"—see Gibbons & Henderson, 2012), they should at the very least communicate their rationale—widely and substantively—and express their continued commitment to the change effort. This still may create frustration among the workforce, but is less likely to prompt outright abandonment by those on whom sustained implementation depends.

Among industry, perception problems centered primarily on the stated intentions of BBP vis-à-vis the actual substance, and disconnects between the two. Industry stakeholders noted in particular that while BBP stresses incentives for productivity and innovation, it does



not address several long-standing impediments to doing business with the Pentagon. For instance, according to a manager at a large contractor,

[In the United States], we used to have segregated work facilities. Congress did a good thing. They passed a law saying “if you use federal dollars, you will certify that you have non-segregated work facilities.” So now, every contract requires a certificate of non-segregated work facilities. Well, that was probably good up through 1980. But we don’t need that anymore. So you have a set of rules and regulations that keep getting piled on top of each other without a “do we really need this?” It’s simply another transaction cost. It goes through the FAR down to all the subcontractors.

In addition to the complications of carrying out awarded business, industry stakeholders (as well as some individuals in government) referenced what they view as deficiencies in how the DoD measures and manages its costs, and the implications for securing business that they believe they could do more cheaply in some cases. According to one interviewee,

Look at a business, and they’ll say, alright, we’re going to do this. Buy this. Manufacture this. Provide this service. Whatever. And they will actually flow out [all of the costs incurred] to get them there. ... Now ask government, what’s my cost? [And often] they’ll have some nice numbers behind it. But when you push back at them and say, “ok, really show me those costs”—[infrastructure, retirement and benefits, etc.], they would say “no, no, no, that’s not my cost.” Yes! That is your cost of delivery.

This individual echoed several others in pointing to a larger cultural divide that differentiates public and private sector conceptions of cost. A defense official put it succinctly, noting,

In the commercial world you’re very cost conscious. You’re always trying to affect the bottom line. Everybody in the corporation has the same metric about what represents good. In DoD, and government in general, the metric is have you spent your money yet. It’s a spending culture, right? And we review people every year for their execution—are they spending the money fast enough? And we have targets, and we punish people for not spending fast enough. And that’s totally in the face of what we are trying to accomplish.

To the extent improving the government’s ability to derive value from its acquisition activities—including conceiving of and measuring cost in a manner more akin to the private sector, and where appropriate, relying more on the private sector to perform otherwise costly support functions—requires a cultural adjustment, interviewees (especially on the industry side) did not feel BBP goes far enough.

Of course, a written policy cannot in and of itself affect a cultural transformation and attendant changes in behavior. That requires committed leadership and a willingness to change on the part of those at whom change is targeted. If leader tenure is short and the incentives for the status quo intense, however, what is to be done? Here, I think leaders can employ (and to an extent, have already employed) a mix of shorter and longer run strategies to facilitate and institutionalize the kind of culture change they are after.

In the short run, they can exercise their available authority to mitigate incentives perpetuating undesirable behavioral patterns (which, if allowed to persist long enough, translate into shared understandings about how business is done—i.e., into culture). Under



Secretary Kendall's and Under Secretary Hale's September 2012 memo on effective management of unobligated funds is a sound step in this regard.

Over the longer run, leaders can leverage available knowledge diffusion mechanisms to transfer their ideas. For example, an interviewee representing the epistemic community noted that the Defense Acquisition University (DAU) network is an especially effective means of incorporating leaders' policy preferences in a classroom setting. Indeed, in this individual's view, "the immediacy with which DAU can disseminate information" makes it an extremely valuable asset—one not present (at least not in its current form or capacity) to support reform efforts in the 1980s and 1990s.

Organizational Capacity

Organizational capacity represents the degree to which organizations can implement policy through their formal structures and processes (Goggin, 1986; Ting, 2011), or the arrangements by which they coordinate and control work activities, define standard operating procedures, divide labor, and otherwise "govern exchanges among internal players (executives, managers, employees)" (Bolman & Deal, 1997, as quoted in Hill & Lynn, 2009, p. 138).

Given the importance of these arrangements to defense acquisition, including the implementation of acquisition reforms, a concerted effort was made to garner from interviewees how they thought the DoD's internal organizational capacity bore on the implementation of Better Buying Power. Their responses suggest the degree to which BBP practices are implemented could vary considerably by both product type and component.

Owing to established governance mechanisms—milestone assessments, portfolio reviews, and procedures intended to promote jointness and reduce unnecessary overlap in capabilities (e.g., configuration steering boards)—interviewees suggested the DoD's components will be better able to implement BBP in hardware acquisition than in the acquisition of services (where these mechanisms are largely absent). As a senior DoD official noted,

Part of my problem is that I am so many layers removed from the real work. [And that's especially problematic] in services, because that money is generally spent in a very different way than [it is on] products ... it's so diffuse, right? I can [usually] look at a program and say "ok, it has a reasonable schedule, etc., etc." and make sure it's set up for success as much as possible. It's a lot harder to do that with a services contract.

In addition to the absence of robust oversight mechanisms, interviewees noted a more general propensity to define and conceptualize "acquisition" exclusively in hardware terms. According to an academic interviewee,

There is just a long, long way to go to elevate the management of services and the acquisition of services to its proper level. We don't have a way to train program managers to manage service acquisitions. We don't think in terms of verification or testing of services. We don't think of how [we are] going to maintain the service over time in the same way we think of weapons acquisition. The whole mind set, the set of phases and milestones ... that's all focused on weapons systems.

Combined with a lack of internal controls, this "hardware" (or "weapon systems") mindset may go far in explaining the DoD's relative inattention toward services acquisition. In and of themselves, therefore, the measures DoD leaders have taken through both BBP 1.0 and BBP 2.0 to make services a top management priority, to create a taxonomy for the



purposes of classifying services with a uniform language, to bolster services purchasing capacity outside the established acquisition chain (e.g., among installation commanders otherwise concerned with base operations), and related steps, are all needed and welcome. That said, interviewees across all three stakeholder categories felt services will pose an ongoing challenge. An oversight official painted an especially bleak picture, arguing,

The [services acquisition] process is going to take years to get under control. [It's] kind of the last hold-over in terms of non-centralized money management, [as] each of the individual base commanders [has] a pot of money to use as they see fit. There is no good way to track [their purchasing behavior nor to] get the services to work together to leverage their buying power and make more strategic decisions about how they manage services. [Not only do we lack] the structures we have in place on the weapons system side ... we lack a basic [organizational] and management structure with the incentives to hold folks accountable for their decisions.

Even where such structures are present—as on the weapons system side—interviewees still registered concerns about capacity. Individuals across the stakeholder categories cautioned that the military departments could respond to and operationalize BBP very differently in the management of their own programs. Of course, such variability is to an extent unavoidable, and not necessarily undesirable if the adjustments are made in accordance with each service's needs and circumstances. Nonetheless, on initiatives cutting across service lines, interviewees remained wary of the potential for differences in implementation. Citing configuration steering boards as an historical example, an oversight official noted,

The Army had gone in letter by letter and said, "alright, we have to do this, this, and this," and they even found some other things they could do to help out. The Air Force quite literally said "do what now?" And the Navy basically just took it, looked at the practices they had in place, and said "ah, we've pretty much got this covered" regardless of whether [their existing procedures] did indeed cover all the relevant pieces. And this happens all the time, on all of these different reform initiatives that go through.

Interviewees attributed such differences in part to structure (i.e., to organizational capacity), but also to culture and leadership.

Structurally, for instance, interviewees representing both government and industry suggested the manner in which the Navy organizes much of its acquisition activities—across multiple systems commands (NavSea, NavAir, SpaWar, NavFac, NavSup) as opposed to one materiel command (Army Materiel Command or Air Force Materiel Command)—may give it some advantages in terms of diversifying its human capital and integrating its functional disciplines (requirements, budgeting, and procurement) across operational domains. Culturally, interviewee responses were more speculative. Service-wide differences in culture are well understood (e.g., see Builder, 1989), but a few individuals with whom I spoke also referenced differences in the cultures of specific buying commands—even within the same service. Whether these differences are themselves a function of leadership, or whether leadership directly influences acquisition approaches is an open question (though I suspect both mechanisms are at play). One could, for example, attribute the initial success of the Joint Improved Explosive Defeat Organization (JIEDDO) to a culture of risk tolerance—as facilitated (and later argued) by General Montgomery Meigs. Alternatively, and in accordance with research on functional leadership (e.g., see Morgeson et al., 2010), JIEDDO's success could be more directly attributable to aspects of General Meigs's (and



subsequent directors') own behaviors. Of course, it could also be that since JIEDDO is structurally a joint organization, it can harness some of the benefits alluded to in the above comments regarding the Navy.

Whether and in what way formal structure operates in conjunction with culture and leadership, it is hard to deny the importance of structural configurations in shaping implementation capacity. Thus, with respect to institutionalizing Better Buying Power, DoD leaders should at least be cognizant of structural antecedents to variation in implementation outcomes. Their tools are limited in this regard—they can more readily adjust BBP than the organizations through which it filters—but nonetheless, being aware of potential structural impediments and targeting resources and effort accordingly can aid in imbedding the long-term behavioral change sought under the BBP initiative.

Managerial Craft

Interviewees consistently cited managerial craft—skilled application of individual strategic, tactical, and technical capabilities and competencies (Hill & Lynn, 2009)—as crucial to successful implementation of Better Buying Power. Rightfully so, as notwithstanding the importance of policy content and organizational capacity, people are the key lynchpin in any implementation effort. Indeed, as Goggin (1986) argues, skilled management can make for effective implementation of even poorly conceived policies. Managerial acumen can mean the difference between getting policies with vague or conflicting mandates into place, or letting them wither on the vine; between negotiating dysfunctional organizational arrangements or being suffocated by them; between learning from past experience or remaining locked in to a status quo mindset.

The primary concern interviewees raised with respect to managerial craft was a tension between (i) leaders who view (and label) BBP as a “guide to help you think,” and (ii) the larger workforce, some of whom may view BBP as a set of rules—or at least as an implicit signal of leadership preferences. Reflecting on the leadership perspective, a senior defense official commented,

[T]his is really not about “these are the right rules.” These [initiatives] are not the 10 commandments.

Nonetheless, this individual acknowledged that in some cases BBP may be perceived as such, stating,

[A]fter 1.0, [for example], a lot of people came back and said FPIF [Fixed-Priced Incentive Fee], 100/120, 50–50 share line, that’s the answer. [When asked] why, they would say [the leadership said so]. That’s not an acceptable answer.

Of course, Under Secretary Kendall and the rest of the leadership made an effort to correct this in BBP 2.0. They expressed a continued interest in FPIF, but otherwise stressed that it is not a panacea. Instead, they argued, the right contract type should be chosen given the situation. Sometimes this means using FPIF; other times it does not.

Interviewees praised Kendall for making this adjustment, and argued more generally that such flexibility constitutes a key advantage of BBP vis-à-vis reforms of other types (e.g., congressional legislation). Nonetheless, they remained skeptical about whether the existing acquisition system gives workforce personnel the proper training and incentives to balance multiple objectives in the course of making complex decisions. As an oversight official cautioned,



[Right now], too much is left to personality. It has to be the right guy doing the right thing, [but] the processes and oversight do not [necessarily] force that sort of thing—the incentives [just] aren't there.

Even among those with good intentions, an industry stakeholder cautioned that insufficient training and experience can still make for problems. Using the choice of commercial-off-the-shelf (COTS) vs. proprietary technology as an illustration, this individual argued,

COTS sounds great, but there is [not enough] understanding of what it means in implementation. Consider the Littoral Combat Ship. They actually use Roombas, the little vacuum cleaner. Perfect application of commercial-off-the-shelf. If a Roomba does not clean up that bit of dust, a warfighter will not be jeopardized. But if the turbine doesn't do what it is supposed to do at speed, and we're pushing the edge of the envelope to make that ship go fast, well then the crew is jeopardized. You can't afford that. So [the choice of COTS vs. proprietary] has to be thoughtful.

This is, of course, a stylized example, but it speaks to the issue alluded to above: Getting value out of acquisition is a balancing act. Decisions cannot be based solely on the premise of maximizing performance, minimizing risk, or fielding the most affordable solution. Often, in fact, this is not possible. A senior defense official offered a thoughtful example:

We had a program to develop common avionics at one point, 15–20 years ago. [Between the] Air Force, the Navy, and the Army, we all have things that fly ... [a]nd the idea is that we would have common avionics technology. [W]e got deeply into the design, at the time, of the F-22 and the Army's Comanche helicopter program. And what we found out as we were way into this process was that the connectors that connected the circuit cards on each platform had to experience very different vibration environments. So the connector technology [that worked on one platform did not work on the other]. So things like that, reality, tends to drive you away from commonality, despite your best efforts.

Again, value is a multi-faceted concept, and entails understanding trade-offs between cost, capability, and risk. As Under Secretary Kendall argued in the preface to the June Report,

Our ultimate measure of performance is providing effective systems to the warfighter that are suitable for fielding, at costs that are affordable, while ensuring taxpayers' money is spent as productively as possible. (DoD, June 2013, p. iv).

How can leaders cultivate this perspective among the workforce? The challenge is stark, but promoting value consciousness and more thoughtful decision-making is not an impossible task. The need to strengthen workforce capacity is well understood, and is arguably the only sustainable route to enhancing managerial craft. In the short run, however, leaders can buttress longer term capacity building efforts in variety of ways. Perhaps most importantly, they can harness their available communication outlets—memos and directives, required reviews and assessments, impromptu office visits, etc.—to continue driving home the message. Moreover, they can use each encounter with the workforce as an opportunity to transfer (or take in) new knowledge, to communicate lessons learned, and to praise exemplary work. Much of this is being done already, but more cannot hurt. Especially as BBP evolves—from the initial 1.0 rollout, to the 2.0 transition, to a potential release of



version 3.0—it is imperative that leaders capture and disseminate best practices. The workforce is already inundated with information, but targeted communication of top management priorities—with emphasis on knowledge transfer—can help those working under short tenures to have a longer term impact.

Conclusion

Defense acquisition reform is a now decades-long endeavor, and Better Buying Power just the latest manifestation in a long line of attempts to improve acquisition performance. That said, after over 10 years of combat, and with budgets shrinking, the BBP initiatives are arguably a well-timed and relevant attempt at change. But is this time really different?

Perhaps. As argued, however, assessing the prospects for change requires looking at the problem from a different perspective. Leadership matters, but leaders' efforts must be placed in a larger context. Policy is not self-executing, and the success of organizational change initiatives—policies with material implications for an organization's various constituencies—depends importantly on effective implementation. In this paper, I identified the challenges of implementing Better Buying Power along three dimensions—policy content, organizational capacity, and managerial craft—which I believe represent the primary impediments to institutionalizing the initiative. Provided they can be surmounted, the prospects for change are real and viable.

Leaders can take a number of actions in this regard, including creating and conveying a sense of accountability, addressing incentives that perpetuate undesirable behavioral patterns, facilitating knowledge transfer, accounting for the structural complexities of the organizations within which BBP is put into place, and striving to cultivate managerial acumen—buttressed by the idea that value is not one dimensional, but rather a product of balancing multiple factors—among the workforce.

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